Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 18 AUGUST 2022 AT THE KENNET ROOM – COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Mark Spilsbury (Chairman), Marlene Corbey, Paul Smith, Asifa Ashraf and Mike Pankiewicz

Also Present:

Jennifer Devine, Andy Cunningham, Richard Bullen, Cllr Richard Britton, Cllr Steve Heyes, Juliet Weimar, Ben Fielding and Tara Shannon

122   **Membership**

Said my pThe Chairman welcomed Asifa Ashraf and Juliet Weimar to their first meeting of the Local Pension Board, with it noted that Asifa Ashraf was present as a Scheme Member Representative and that her position had now been ratified by Wiltshire Council.

It was stated that Juliet Weimar was a Scheme Employer Representative, however her position would have to be ratified by Wiltshire Council following the endorsement of the Local Pension Board.

Resolved:

The Board agreed to endorse the addition of Juliet Weimar to the Membership of the Local Pension Board as an Employer Representative to be ratified by Wiltshire Council.

123   **Apologies**

Apologies for absence were received from Laura Fisher.

It was noted that Jennifer Devine, Marlene Corbey and Paul Smith all joined the meeting in a hybrid capacity via Microsoft Teams.

124   **Minutes**

The Part I (public) minutes of the meeting held on 5 May 2022 were presented for consideration, and it was;

Resolved:

The Board approved and signed the Part I (public) minutes of the previous meeting held on 5 May 2022 as a true and correct record, and the Board's action log was noted.

125 **Declarations of Interest**

There were no declarations of disclosable interest or dispensations granted by the Standards Committee.

126 **Chairman's Announcements**

The Chairman informed the Board that on 28 September 2022 there would be a Brunel Partnership Investment Day in Bristol, which could also be attended via Microsoft Teams. The Chairman recommended that Board Members attend.

127 **Public Participation**

No questions had been received from councillors or members of the public.

128 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Part I (public) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 26 May 2022 and 28 July 2022 were considered. Following which, it was;

Resolved:

The Board noted the Part I (public) minutes from the last ordinary meeting of the Wiltshire Pension Fund Committee held on 26 May 2022 and 28 July 2022.

129 **Scheme, Legal, Regulatory and Fund Update**

The Board received an update from Andy Cunningham, Pension Administration Lead and Jennifer Devine, Head of Wiltshire Pension Fund. The update covered the following matters:

It was stated that it had been a tricky period for investments and the performance within the second quarter had been challenging, though there were indications of improvement in July and August. Attention was drawn to the appendix within the agenda pack which included a link to education reforms, with it acknowledged that further education colleges are currently in an uncertain state and that Wiltshire Council has two of them. Work is being conducted investigating the reclassification of further education colleges in order to improve security and reduce risk.

Information was provided that GAD had completed a review and that the cost cap which had been breached in 2016 was to no longer be deemed as breached due to the McCloud remedy of the costs. Unions are however looking

to act and challenge the conclusion and the way that the McCloud judgement was used.

It was clarified in regard to i-Connect that there is still data to be collected and people to be onboarded. In addition, it was noted that around 95% of employers who have onboarded with i-Connect have provided data, however, there has been difficulty retrieving some data due to some employers having to engage with previous payroll providers, who they no longer have a contract with. It was stated that the gap analysis would be brought to the next meeting of the Board.

Resolved:

The Board noted the information included within the report and the attached appendix.

130 **Business Plan 2022-2023**

The Board received an update from Jennifer Devine, Head of Wiltshire Pension Fund. The update covered the following matters:

Attention was drawn to the report attached to the agenda which outlined important Business Plan actions for 2022/2023. Further information was provided on, but not limited to that the strategic asset allocation review was on track with timelines and would come to the November meeting rather than September; the KPI improvement plan; that a new outsourcing project had been agreed for payroll reconciliation and backlogs.

It was clarified that regarding i-Connect and Swindon, the main reason for delays was challenges to Swindon's payroll system as well as other complications. Regular conversations are however taking place with key officers from Swindon every two weeks and once able to, work would be restarted to onboard them with i-Connect.

The Chairman noted that there were plenty of positive outcomes within the report, especially in regard to outsourcing which had been the right decision made by officers and the Committee.

Resolved:

The Board noted the information included within the report.

131 **Training Update**

The Board received an update from Richard Bullen, Fund Governance and Performance Manager. The update covered the following matters:

Officers had been liaising with Hymans-Robertson with the view of issuing a Member effectiveness and knowledge assessment review, with the former being last conducted in 2018. The member effectiveness review had be delayed by 12 months due to the new intake of Councillors. In addition, it is anticipated

that an annual training questionnaire will shortly be issued, as well as information on a new member induction training session set to take place on 3 November 2022, which would be aimed at new Board and Committee members.

An introduction and background to the draft the TPR new Code of Practice was provided, with the content of the new Code of Practice outlined, comprising of 5 key areas and containing 51 shorter modules. In addition, key LGPS content and future updates was outlined, with it noted that such changes would require consultation and parliamentary approval. The importance of expectations and having clear lines of responsibility was stressed, with a new requirement for most occupational schemes to have and operate an effective system of governance (ESoG), with the modules listed that Wiltshire Council should be compliant with.

The Own Risk Assessment (ORA) was introduced, with it stated that Wiltshire Council would have to initially write a policy and then challenge itself against various items such as audit reports. Furthermore, the Wiltshire Pension Fund's next steps were outlined, which included but were not limited to undertaking its first ORA and agreeing upon the range of data points by which the Fund's ESoG would be monitored.

Clarity was provided that regarding responsibility, within each module an appropriate body would be chosen in order to decide who has clear responsibility. It was also stated that if an area arose outside of the scope, parties would work together to agree upon a correct way forward. In addition, it was stated that decision making and scrutiny roles of the Pension Fund would remain respected.

Resolved:

The Board noted the information and requested a further update on publication of the Regulator's final guidance.

132   **Administration Quarterly Key Performance Indicator**

The Board received an update from Andy Cunningham, Pension Administration Lead. The update covered the following matters:

It was covered that new reporting software had allowed information to be extracted much easier than previously, which had allowed for more regular reviews. It was stated that the KPIs achieved were significantly below target, and that the team would be looking to report more regularly. It was further acknowledged that internal targets had been set, with more cases processed and data being covered than before. Attention was also drawn to the tables within the agenda pack, which outlined reported scores.

Terminology of the report was discussed with it noted that "ready to go" cases were those which could be processed without having to wait for a third-party response. It was also acknowledged that there was an aim to reduce the

number of cases to a working level. Additionally, it was outlined that i-Connect onboarding has made the process slower than had been hoped, with the number of onboard employers up to 73%.

It was also noted that an annual benefit statement had been taken place with deferred statements having been sent out in batches, with a completion rate expected of 99%, similar to that of last year and that a paper could be expected at the next Board meeting.

Resolved:

The Board noted the information included within the update.

133 **Key Financial Controls**

The Board received an update from Jennifer Devine, Head of Wiltshire Pension Fund. The update covered the following matters:

It was noted that work from Deloitte was still delayed and that the Committee had discussed in their last meeting at the end of July to write to Andy Brown, which Cllr Richard Britton had since sent. Furthermore, as there had been delays, Wiltshire Pension Fund had to publish the respective reports unaudited. Reconciliations between SAP and Altair were discussed with a key problem area being unallocated transfers with money coming in, that is then booked onto a ledger but not booked onto Member accounts. In addition, it was noted that late payments had been up by 63% in May with larger employers paying late. These have since been made, but there are now some resulting payments in June with are consequentially late.

It was acknowledged that the long-term plan is to have an integrated payroll and one-off payments system within Altair and that there should not be resource implications other than paying for software, which was included within the budget. Additionally, this would create an offsetting effect, which would effectively pay for itself with there not anticipated to be a net cost increase through completing payroll in house.

Resolved:

The Board noted the information included within the report.

134 **Pension Payroll Database reconciliation**

The Board received an update from Andy Cunningham, Pension Administration Lead. The update covered the following matters:

It was stated that a number of cases had been found which had not been identified correctly at an early stage and therefore meant that case numbers had increased significantly rather than decreasing. Initially there were thousands of records that did not match; however this has reduced to a smaller percentage level and differences can be accounted for on a monthly basis.

Furthermore, a tender documentation has been produced and has been awaiting final approval to be sent out and once published, external expertise will be used to progress through cases and there is confidence that using one of the national frameworks, there will be a supplier that can deliver what is wanted. Additionally, the planned move to an integrated payroll system will help ensure that these problems do not reoccur.

Regarding overpayments, it was clarified that the Pension Fund is only proceeding with attempting to recover overpayments in cases where it is obvious that overpayment had taken place where the Member involved reasonably knew.

Resolved:

The Board noted the information included within the report.

135 **Audit Update**

The Board received an update from Richard Bullen, Fund Governance and Performance Manager. The update covered the following matters:

It was noted that the strategy commissioned in December 2021 for the Scheme Year 2022/23 had been altered following approval of the Business Plan objectives in April 2022. The table included within the covering report to this update reflected the original strategy, what changes had been made, as well as - demonstrating progress on the current range of audits. This included but was not limited to areas such as cyber security and the TPR self-assessment. It was stated that the tabling of this item was driven by Board's terms of reference in order to enable the Board to monitor progress of audits through the year.

The second part of the update presented the positive progress in relation to the actions arising from the SWAP audit for the 2021/22 Scheme Year. However there had been some areas with complexities and therefore the report suggested the revision of deadlines to make them more realistic. The monitoring action, relating to the monitoring of work was a particularly complex area, with a new system introduced by Andy Cunningham which allowed the KPI results from the Insight reporting tool to be applied to the workflow management tool in order to enable targeted allocation of work and improve the Fund's KPIs.

Resolved:

The Board noted the progress by officers against the SWAP audit recommendations dated March 2022, as outlined on the actions log and to endorse the revised target dates recommended by officers.

136 **Risk Register Update**

The Board received an update from Richard Bullen, Fund Governance and Performance Manager. The update covered the following matters:

It was stated that a new Risk Register Framework had been requested by Members of the Board and Committee earlier in the year and that progress had been made by the compliance group established to investigate it. It was outlined that the idea was for the new Risk Register Framework to be embedded into the operational side of the Fund and allow officers to report risks to the Board and Committee. It was noted that the introduction of the new Risk Register was taking longer than anticipated to implement, which would then feed into 20 Risk areas at a Board and Committee level. Emphasis was placed on the management of filtering risks in order to ensure the weighting of risk eas properly reflected. It was also stated that the current - process would not be removed and would run parallel with the new Risk Register until new arrangement was approved.

The Chairman stated the importance of capping the Risk Register at 20 areas in order not to overwhelm those involved and that there was a need to examine PEN037 and PEN022 at an on-going basis.

Resolved:

The Board noted the attached Risk Register and recommended that the changes/actions by officers in points 6 to 8 should be submitted to the Committee.

137 **Urgent Items**

There were no urgent items.

138 **Date of Next Meeting and Forward Work Plan**

The next ordinary meeting of the Local Pension Board would be held on 27 October 2022.

Resolved:

The Board reviewed and approved its new Scheme Year Forward Work Plan.

139 **Exclusion of the Public**

The Board considered the recommendation to exclude the public. After which, it was:

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 24 - 26 because it is likely that if members of the public

were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

140 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Part II (private) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 26 May 2022 and 28 July 2022 were considered.

It was agreed that the words "investing in sustainable companies" on Page 112 of the agenda pack should be removed from the minutes.

Following which, it was;

Resolved:

The Board noted the Part II (private) minutes from the last ordinary meeting of the Wiltshire Pension Fund Committee held on 26 May 2022 and 28 July 2022.

141 **Cyber Security Review**

The Board received an update from Richard Bullen, Fund Governance and Performance Manager and Jennifer Devine, Head of Wiltshire Pension Fund.

142 **Minutes**

The Part II (private) minutes of the meeting held on 5 May 2022 were presented for consideration, and it was;

Resolved:

The Board approved and signed the Part II (private) minutes of the previous meeting held on 5 May 2022 as a true and correct record.

(Duration of meeting: 10.00am – 12.10pm)

The Officer who has produced these minutes is Ben Fielding of Democratic Services, direct line 01225 718656, e-mail Benjamin.Fielding@wiltshire.gov.uk
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